

Personal Income Taxes: Filing Estimated Tax Procedures Revised

When Governor Ernie Fletcher signed House Bill 272 on March 18, 2005, he approved the most extensive reform of Kentucky's tax code in more than half a century. Beginning with the 2005 taxable year, the following changes are in effect when calculating and submitting estimated tax payments for personal income tax.

-- The personal income tax rates for taxable years beginning on or after January 1, 2005 have changed. The rate for taxable income over \$8,000 but not over \$75,000 is five and eight tenths percent (5.8%). The current rate of six percent (6%) applies to taxable income over \$75,000.

-- Individual owners of multi-member limited liability companies, single member limited liability companies, limited partnerships, limited liability partnerships, or S corporations that are now subject to the corporation income tax are not required to make individual income tax estimated payments based on the distributive share income of such pass-through entities beginning with the estimated payment due April 15, 2005. Individual taxpayers that own an interest in one of these corporations will receive a share of the tax paid by the entity to use as credit against tax due on the pass-through entity's income on the individual return. Check out [information as to how the corporation income tax applies to pass-through entities](#).

-- HB 272 replaced the low income tax credit with a family size tax credit (FSTC) for those individuals and married couples whose modified gross income is less than 133% of the threshold amount determined under KRS 141.066. The threshold amount is based upon federal poverty level for family size calculated by adding the taxpayers and dependent children living in the household up to four. The 2005 threshold amount is expected to be \$9,570 for a family size of one, \$12,830 for a family of two, \$16,090 for a family of three and \$19,350 for a family of four or more. Modified gross income is equal to your federal adjusted gross income plus any interest income from other state municipal bonds and pension income from a qualifying lump sum distribution.

2005 FAMILY SIZE TAX CREDIT CHART

Family Size One		Family Size Two		Family Size Three		Family Size Four or More		Percent of Tax as FSTC
MGI is more than	MGI is not over	MGI is more than	MGI is not over	MGI is more than	MGI is not over	MGI is more than	MGI is not over	
\$0	\$9,570	\$0	\$12,830	\$0	\$16,090	\$0	\$19,350	100%
9,570	9,953	12,830	13,343	16,090	16,734	19,350	20,124	90%
9,953	10,336	13,343	13,856	16,734	17,377	20,124	20,898	80%
10,336	10,718	13,856	14,370	17,377	18,021	20,898	21,672	70%
10,718	11,101	14,370	14,883	18,021	18,664	21,672	22,446	60%
11,101	11,484	14,883	15,396	18,664	19,308	22,446	23,220	50%
11,484	11,867	15,396	15,909	19,308	19,952	23,220	23,994	40%
11,867	12,154	15,909	16,294	19,952	20,434	23,994	24,575	30%
12,154	12,441	16,294	16,679	20,434	20,917	24,575	25,155	20%
12,441	12,728	16,679	17,064	20,917	21,400	25,155	25,736	10%



-- Individual Taxpayers who can reasonably expect to have income of more than the threshold amount for filing a return and who expect to owe more than \$500 in income tax may be required to make estimated tax payments. No declaration of estimated tax is required if the estimated tax liability can reasonably be expected to be five hundred dollars (\$500) or less.

-- Individual income tax taxpayers who do not prepay at least 70 percent of their income tax liability for the year will be subject to a penalty for underpayment of estimated tax.

-- Taxpayers may pay the full amount in one payment on the earliest applicable due date or they may pay in installments. Installments for calendar year 2005 are due on April 15, June 15, September 15, and January 17, 2006.

-- If you have any questions regarding estimated payments, [contact us](#) by phone 502-564-4581.

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